

FILED

BEFORE THE BOARD OF OIL, GAS AND MINING

AUG 17 2009

DEPARTMENT OF NATURAL RESOURCES

SECRETARY, BOARD OF
OIL, GAS & MINING

STATE OF UTAH

IN THE MATTER OF THE)	
REQUEST FOR AGENCY ACTION)	
OF NEWFIELD PRODUCTION)	
COMPANY FOR APPROVAL OF)	NEWFIELD PRODUCTION
CONSOLIDATED UNIT)	COMPANY'S RESPONSE TO
OPERATIONS AND ENHANCED)	QUESTAR EXPLORATION AND
AND SECONDARY RECOVERY)	PRODUCTION COMPANY'S
OPERATIONS IN THE GREEN)	MOTION TO CONTINUE
RIVER FORMATION IN)	
TOWNSHIPS 8 AND 9 SOUTH,)	
RANGES 15-19 EAST, S.L.M., AND)	Docket No. 2009-008
TOWNSHIP 4 SOUTH, RANGE 2)	Cause No. 213-11
WEST, U.S.B. & M., DUCHESNE AND)	
UINTAH COUNTIES, UTAH, FOR)	
AUTHORITY FOR UNDERGROUND)	
INJECTION OF WATER, TO)	
AMEND ORDERS APPROVING)	
SUCH OPERATIONS IN PORTIONS)	
OF THOSE LANDS, AND)	
CERTIFICATION AS AN)	
ENHANCED RECOVERY PROJECT)	

NEWFIELD PRODUCTION COMPANY ("Newfield"), by and through its undersigned attorneys, hereby files its response to Respondent Questar Exploration and Production Company's ("Questar") Motion to Continue the Board of Oil, Gas and Mining's (the "Board") August 26, 2009 hearing in this Cause ("Questar's Motion").

**QUESTAR'S MOTION SHOULD BE DENIED BECAUSE A
CONTINUANCE IS NOT NECESSARY.**

Questar's Motion is based on a faulty premise—that there has not been a working owners meeting for the proposed Greater Monument Butte Unit. In fact, there have been numerous working interest owners meetings. Instead of holding a single, collective

meeting of all of the more than ninety (original) working interest owners gathered together in one place at one time—a format Newfield thought would be unwieldy and unworkable—Newfield went the extra mile; it held a series of meetings in a number of locations. The meetings were smaller and more personal, and therefore, more effective than a large confusing meeting. Thus, the need for a large collective meeting was supplanted by the numerous face-to-face working interest owner meetings that Newfield held with the individual working interest owners.

Before it filed its Request for Agency Action in this proceeding (the “**Request**”), Newfield met individually with more than 98% of the working interest owners in the proposed unit. Those working interest owners have had nearly a year to consider the technical merits, outline, and structure of the proposed unit. As of July 29, 2009, the date of the Board of Oil, Gas and Mining’s (the “**Board**”) July hearing, approximately 96% of the working interest owners had already ratified and joined the previously proposed Unit Agreement and Unit Operating Agreement. (The agreements were revised at the request of the BLM, SITLA, and numerous parties, including Questar, Montana & Wyoming Oil Company (“**MWOC**”), and Balsam Producing Properties, LLC (“**Balsam**”), and re-filled with the Board shortly before the July 29, 2009 hearing.) Thus, there is no true controversy about the technical merits, outline, and structure of the unit involving at least 96% of the working interests in the proposed unit. Accordingly, there is nothing meaningful nor substantive that would result if a collective working interest owners meeting were to be held before the Board hears Newfield’s Request for the proposed unit.

Newfield conducted a series of partner meetings beginning in July 2008 and traveled to different cities in order to have face-to-face meetings, which facilitated the

partners asking individual questions. As the Board will hear at the hearing, such meetings took place in Denver, Colorado, on May 14th; Billings, Montana, on July 9th; Houston, Texas, on July 14th and 15th; and Los Angeles, California, on July 24th. Newfield was able to meet with 35 different working interest owners representing 98.66% of the total working interests in the proposed unit. However, due to negotiations between Newfield and certain Yates entities, the meetings were not continued until resolution could be made between those parties. Those negotiations did not significantly alter the unit proposal that Newfield had presented to the working interest owners in the previous meetings. During this time, Newfield continued to handle telephone and written correspondence from working interest owners to further answer their questions. Resolution of the issues between Newfield and the Yates entities was achieved in May 2009, and Newfield immediately moved forward with unitization by filing its Request to get on the Board's June 2009 docket. After that, a partner meeting was held in Denver, Colorado, with Questar on June 4, 2009. Since filing its Request, Newfield has diligently worked with its partners to answer their questions and has made numerous changes to the Unit Operating Agreement and its exhibits to accommodate their requests.

Newfield believes these smaller working interest owner meetings allowed more individualized interaction, and permitted Newfield to focus on the needs of each owner. The working interests in the proposed unit consist of an eclectic group of owners, many of whom are not oil and gas operators, but rather investors. A large group meeting would not allow individual interaction with the working interest owners and would likely cause confusion. The diversity among the working interest owners creates a need for individualized attention and sometimes tutorials. Newfield believes it has put forth an

extra effort to inform and interact with its partners. Newfield believes it has acted above and beyond Questar's so-called industry standard.

The vast majority of working interest owners have considered and accepted the merits of the unit. (The revisions to the agreements did not change the technical merits, outline, and structure of the unit.) Only Questar (representing 0.03662123% working interest in the proposed unit), MWOC (representing 1.35843962%), Balsam (representing 0.07426471%) (collectively, Questar, MWOC, and Balsam represent 1.4693256%, which mostly belongs to MWOC), and Quinex Exploration Corporation and John Chasel (collectively, "**Quinex**") (representing 0.25086000%) have expressed their opposition to the formation of the proposed unit by protesting to the Board. In a continuing attempt to resolve the parties' remaining issues and objections, and at the Board's request, Newfield has met with MWOC and Balsam and provided answers to their questions, and Newfield has spoken numerous times with representatives of Questar and Quinex. At this time, MWOC and Balsam have indicated that their questions and concerns may have been answered, and if so, they will withdraw their joinder to Questar's Motion. Quinex has expressed its support of the proposed unit. Questar and Newfield, however, will not be able to resolve their issues.

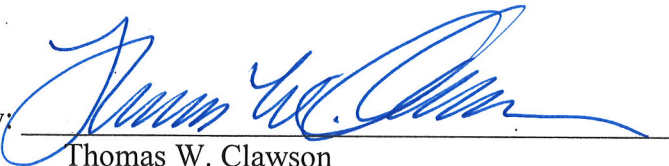
At this stage of the proceeding, there is nothing substantive to be gained from holding a large, collective working interest owners meeting. A working interest owners meeting is not required by statute or rule. The Board has considered and wisely declined to order that such a meeting be held. A collective working interest owners meeting is not necessary for Newfield to hear Questar's objections, issues, and concerns.

Questar has a forum to express its objections and concerns about the unit—the Board’s current proceeding. Questar’s Motion should be denied because additional time is not required to hold another working interest owners meeting. Questar, therefore, does not need additional time to possibly modify its objections based on a meeting that is unnecessary and unwarranted. Newfield already has exceeded any possible standard industry practice by going well beyond simply holding a group working interest owners meeting—it individually met face-to-face with the owners of approximately 99% of the working interests in the proposed unit.

For the foregoing reasons, Newfield respectfully requests that the Board deny Questar’s Motion. Newfield agrees with Questar that the Chairman may decide Questar’s Motion prior to the Board’s regularly scheduled August 26, 2009 hearing, if the Board so desires.

Dated this 17th day of August, 2009.

VANCOTT, BAGLEY, CORNWALL & McCARTHY

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CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of August, 2009, I caused a true and correct copy of the foregoing Response to Motion to Continue to be mailed to the following:

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A handwritten signature in blue ink, appearing to read "James W. Clark", is written over a horizontal line.